Maryland Insurance Administration

Kathleen Birrane – Commissioner

Zach Peters – Chief of Staff

Todd Switzer – Chief Actuary

David Cooney – Associate Commissioner - Life and Health

Joy Hatchette – Associate Commissioner - Consumer Education and Advocacy Unit

Brad Boban – Senior Actuary

Michael Paddy – Director of Government Relations

Dy Reed – Assistant Director of Government Relations

Van Dorsey - Counsel

Maryland
INSURANCE ADMINISTRATION

2021 ACA
Individual Non-Medigap & Small Group Markets
Filed Health Insurance Premiums in Context

Presenter: Todd Switzer, Chief Actuary

General Rate Review Process & Timing

1. Maryland Insurance Article § 11-603(c)(2) requires that rates must not be excessive, inadequate, or unfairly discriminatory and must be reasonable in relation to benefits. Otherwise the Commissioner "…shall disapprove or modify a proposed premium rate filing."

2. "Actuarial Standards of Practice" (ASOP) # 8 describe an approach where assumptions need to be supported and reasonable individually and in aggregate.

3. Key assumptions and context include 1) annual claims cost trend, 2) risk adjustment, 3) morbidity (relative health status of the pool), 4) prescription drug rebates, 5) operating expenses, 6) profit charge, 7) minimum loss ratio rebates, 8) actual gain/loss experience and surplus position, 9) COVID-19, 10) the special open enrollments, 11) absolute value of the premium, 12) federal 1332 waiver and reinsurance program, 13) UnitedHealthcare's reentry to the "Individual Non-Medigap" market.

4. TIMING: All rate filings received by 05/29/20, MIA public rate hearing scheduled for 07/15/20, CMS releases actual 2019 risk adjustment payments 07/15/20, MHBE Board meets on 07/20/20 to vote on reinsurance parameters (e.g., $20,000 pooling level), rate filing data updated through 06/30/20 by 07/31/20, rates approved no later than 09/15/20, 2021 open enrollment begins 11/01/20.

COVID-19

1. Only one of the four carriers elected to adjust 2021 costs due to the COVID-19 pandemic in their initial filings for any market, citing uncertainty. UnitedHealthcare filed a 1.02 factor in “Individual Non-Medigap” market only.

2. As more data emerges the MIA plans to evaluate the impacts of such factors as 1) deferred care / pent-up demand, 2) a potential COVID-19 resurgence in the Fall of 2020, 3) economic impacts to individuals and employers, 4) lasting utilization changes due to telemedicine, 5) postponement of chronic care management and preventive care, 6) enrollment shifts between markets such as group to individual to Medicaid, 7) zero insured cost shares for diagnosis and treatment, 8) mental and behavioral health care pattern changes, 9) the suspension of prior authorizations, and 10) a vaccine. These factors have both upward and downward impacts to cost.

What's Been Filed – 2021 ACA?

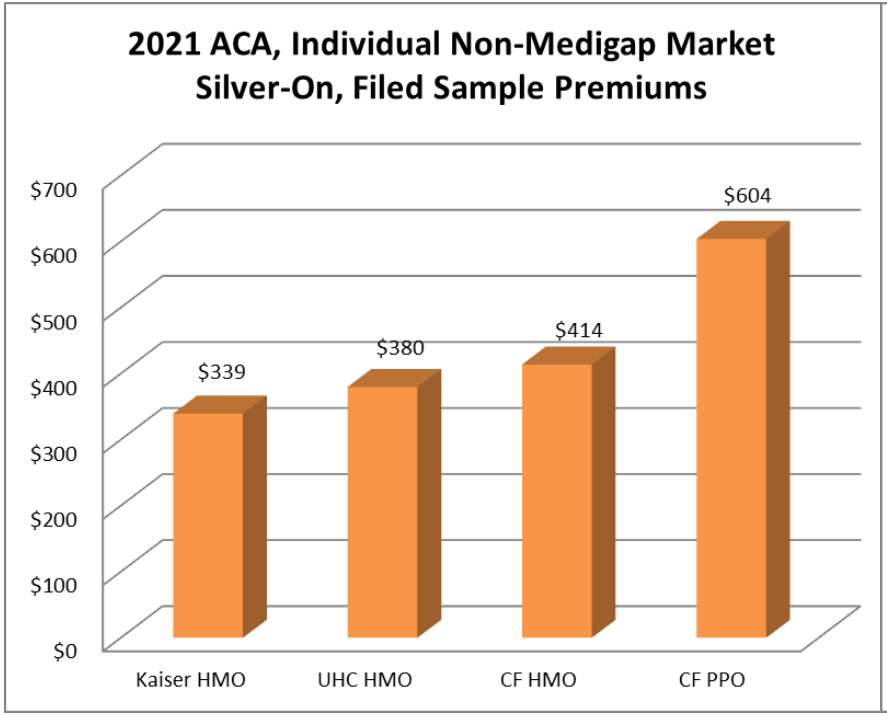
INDIVIDUAL NON-MEDIGAP MARKET

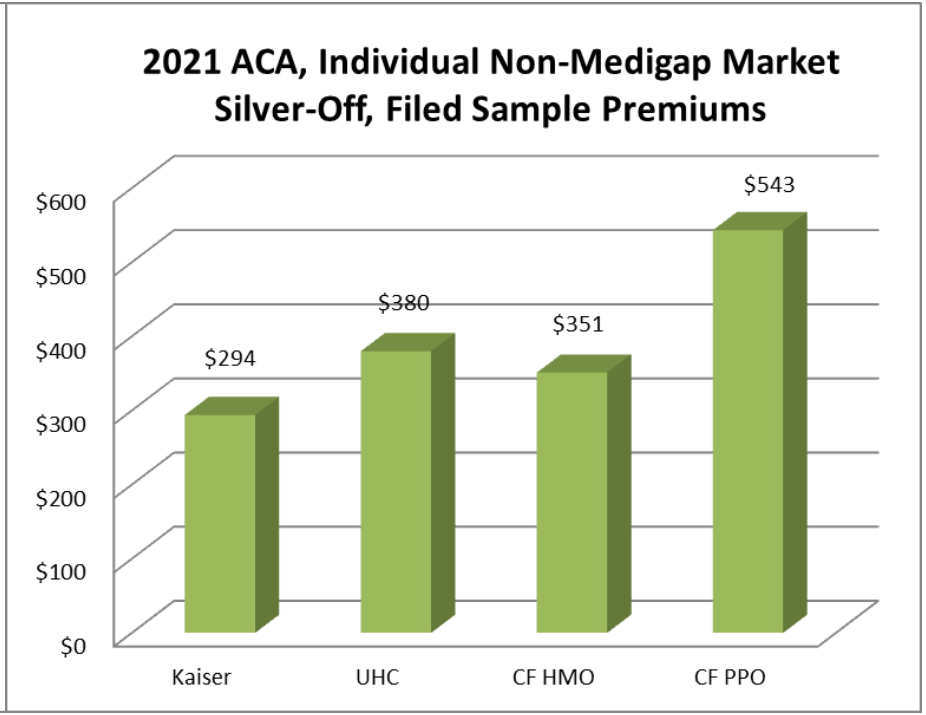
1. The composite 2021 renewal is -4.8% following 2019 and 2020 approvals of -13.2% and -10.3%, respectively. The 2021 range by legal entity is -12.0% to -1.1%.

2. From 04/30/19 to 04/30/20, total enrollment has grown by +11,724 members to 207,099 or +6.0%, driven in large part by the COVID-19 and "Maryland Easy Enrollment Health Insurance Plan" special open enrollment periods (SEPs).

3. UnitedHealthcare (UHC) will reenter in 2021 offering coverage in 14 of Maryland's 24 counties. The number of counties where consumers have only one choice of carrier will decrease from thirteen to eight. UHC's reentry will affect the amount of the federal "Advance Premium Tax Credit" (APTC) subsidy in some way. It may reset the "second-lowest-cost Silver plan" (SLCSP) reference point. This will be an important consideration for which more analysis will be done.

[3] "COVID-19 Cost Scenario Modeling," Wakely Consulting Group, March 30, 2020, page 5.





UHC's sample filed Silver-On rate is +12% vs Kaiser & -8% vs CF HMO, including 2% for COVID-19.
UHC's sample filed Silver-Off rate is +29% vs Kaiser & +8% vs CF HMO, including 2% for COVID-19.

The reason is that UHC has not affixed the "Cost-Sharing Reduction" (CSR) costs only to Silver On-Exchange rates. UHC's Silver-On and Silver-Off rates are currently equal.

What's Been Filed – 2021 ACA?

SMALL GROUP MARKET

1. The composite, filed 2021 renewal is 5.3% for all four quarters following 2019 and 2020 approvals of 5.0% and 3.0%, respectively. The 2021 range by legal entity is -9.0% to 10.4%.

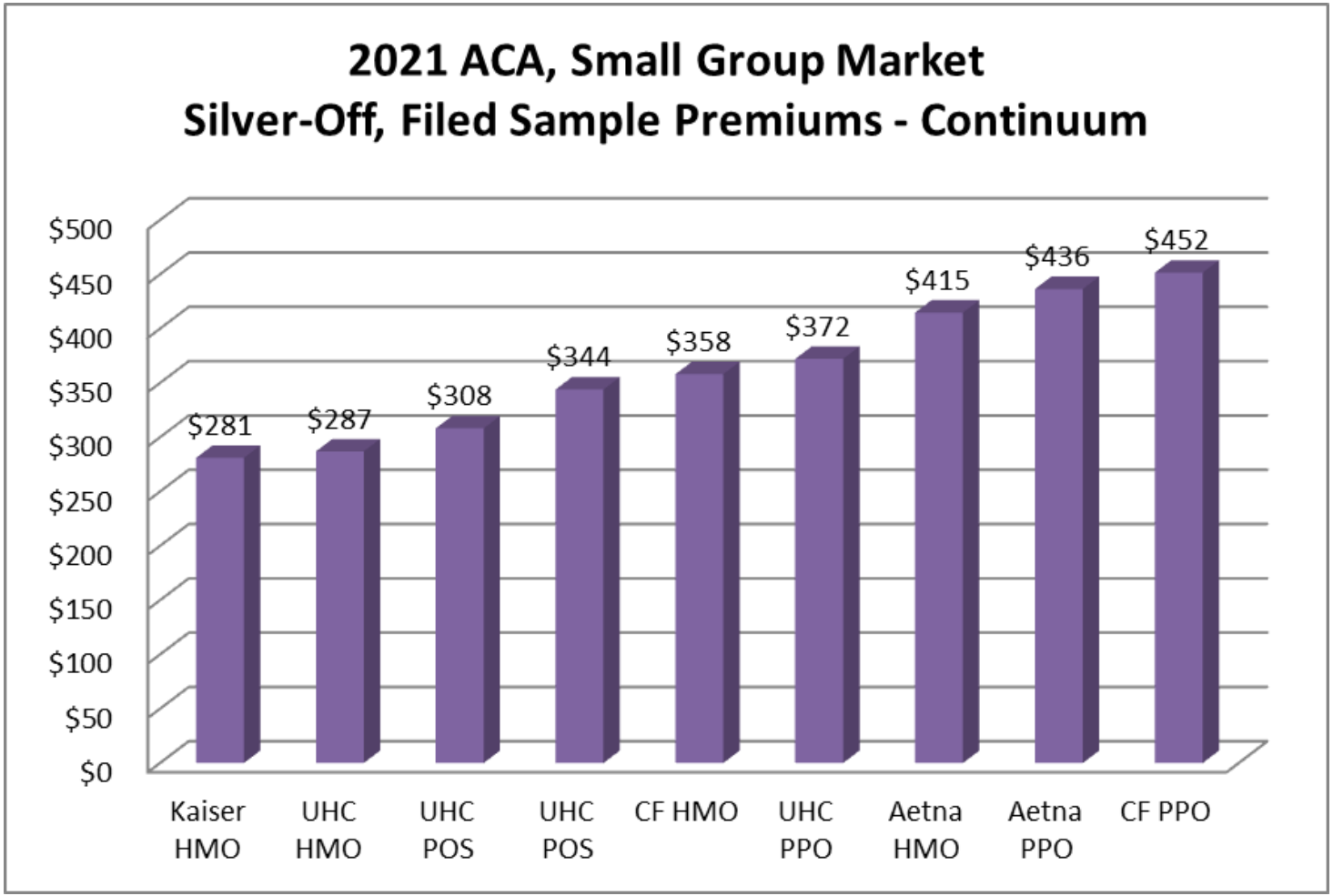
2. From 02/28/19 to 02/29/20, total enrollment has grown by +3,690 members to 266,102 or +1.4%.

DENTAL - STAND-ALONE - INDIVIDUAL, NON-MEDIGAP MARKET

1. The composite, filed 2021 renewal is +0.2% following 2019 and 2020 approvals of 3.6% and -0.7%, respectively. The 2021 range by legal entity is -1.3% to 1.9%.

2. From 02/28/19 to 02/29/20, total enrollment has grown by +4,419 members to 60,276 or +7.9%.

3. So far in 2020 we've seen the percentage of Individual insureds enhancing their coverage to include stand-alone dental rise from 28% to 30%.


2021 ACA, Small Group Market
Silver-Off, Filed Sample Premiums - Continuum
$500
$450
$400
$350
$300
$250
$200
$150
$100
$50
$0
$281
$287
$308
$344
$358
$372
$415
$436
$452
Kaiser HMO
UHC HMO
UHC POS
UHC POS
CF HMO
UHC PPO
Aetna HMO
Aetna PPO
CF PPO

Telehealth and Prior Authorization

Presenter: David Cooney, Associate Commissioner – Life and Health

TELEHEALTH COVERAGE

The topic of expanded telehealth coverage was one of the earliest and most persistent issues raised with the MIA during the pandemic

- MIA Response:
  - Reevaluation of existing law (§ 15-139 of the Insurance Article)
  - Outreach to carriers to work toward collaborative solution
- Carrier Response – Extensive Voluntary Accommodations:
  - Expansion of telehealth systems and platforms
  - Increased scope of services eligible for telehealth coverage
  - Waiver of cost-sharing for telehealth visits
  - Telehealth coverage of phone-only consultations
  - Reimbursement parity between virtual consultations and in-person consultations
  - Extension of accommodations to self-funded clients
- Ongoing Stakeholder Concerns:
  - Lack of uniformity
  - Need for more easily accessible disclosure of covered services and coding standards
  - Phasing out of accommodations as pandemic subsides

§15–139, Insurance Article

(a) (1) In this section, "telehealth" means, as it relates to the delivery of health care services, the use of interactive audio, video, or other telecommunications or electronic technology by a licensed health care provider to deliver a health care service within the scope of practice of the health care provider at a location other than the location of the patient.

(2) "Telehealth" does not include:

(i) an audio–only telephone conversation between a health care provider and a patient;

(ii) an electronic mail message between a health care provider and a patient; or

(iii) a facsimile transmission between a health care provider and a patient.

(b) This section applies to:

(1) insurers and nonprofit health service plans that provide hospital, medical, or surgical benefits to individuals or groups on an expense–incurred basis under health insurance policies or contracts that are issued or delivered in the State; and

(2) health maintenance organizations that provide hospital, medical, or surgical benefits to individuals or groups under contracts that are issued or delivered in the State.

(c) (1) An entity subject to this section:

(i) shall provide coverage under a health insurance policy or contract for health care services appropriately delivered through telehealth; and

(ii) may not exclude from coverage a health care service solely because it is provided through telehealth and is not provided through an in–person consultation or contact between a health care provider and a patient.

(2) The health care services appropriately delivered through telehealth shall include counseling for substance use disorders.

(d) An entity subject to this section:

(1) shall reimburse a health care provider for the diagnosis, consultation, and treatment of an insured patient for a health care service covered under a health insurance policy or contract that can be appropriately provided through telehealth;

(2) is not required to:

(i) reimburse a health care provider for a health care service delivered in person or through telehealth that is not a covered benefit under the health insurance policy or contract; or

(ii) reimburse a health care provider who is not a covered provider under the health insurance policy or contract; and

(3) (i) may impose a deductible, copayment, or coinsurance amount on benefits for health care services that are delivered either through an in–person consultation or through telehealth;

(ii) may impose an annual dollar maximum as permitted by federal law; and

(iii) may not impose a lifetime dollar maximum.

(e) An entity subject to this section may undertake utilization review, including preauthorization, to determine the appropriateness of any health care service whether the service is delivered through an in–person consultation or through telehealth if the appropriateness of the health care service is determined in the same manner.

(f) A health insurance policy or contract may not distinguish between patients in rural or urban locations in providing coverage under the policy or contract for health care services delivered through telehealth.

(g) A decision by an entity subject to this section not to provide coverage for telehealth in accordance with this section constitutes an adverse decision, as defined in § 15–10A–01 of this title, if the decision is based on a finding that telehealth is not medically necessary, appropriate, or efficient.

Prior Authorization and Other Utilization Review Requirements

- Stakeholder concerns as the pandemic unfolded and a massive surge in hospitalizations was feared:
  - Anticipated strain on hospital resources during the peak of the crisis would make utilization review requirements unreasonably burdensome at a time when all available resources would be needed solely for patient care
  - Expiration of previously granted authorizations for elective surgeries would cause unnecessary delays in care once the pandemic subsided
  - Lack of uniformity between markets and carriers
- MIA Response:
  - Outreach to carriers to work toward collaborative solution
  - Revision to regulations to enhance emergency powers
- Carrier Response:
  - Voluntary accommodations and relaxation of requirements
  - Extension of accommodations to self-funded clients

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 01 GENERAL PROVISIONS

Chapter 02 Emergency Powers

Authority: Health-General Article, §19-706; Insurance Article, §2-115; Annotated Code of Maryland

.02 Applicability.

A. This chapter applies to:

(1) – (2) (text unchanged)

(3) Each pharmacy benefits manager registered to do business in Maryland.

B. (text unchanged)

.06 Life and Health.

A.– G. (text unchanged)

H. *Subject to §M of this regulation, the* [The] only prior authorization requirements a health carrier may utilize relating to testing for COVID-19 shall relate to the medical necessity of that testing.

I. – K. (text unchanged)

L.The Commissioner may require pharmacy benefits managers and health carriers to suspend random audits, including, but not limited to in-person or "desk" audits, of pharmacies, unless there is a reasonable suspicion of fraud.

M. The Commissioner may require health carriers to suspend, waive, or modify requirements related to prior authorization, concurrent review, retrospective review, and notification of inpatient acute care, post-discharge care, and facility transfers.

APPENDIX

2021 ACA "Individual Non-Medigap" Filed Rates

	1	2	7	8	11	13	15	16	17	20	21	22	23
											Requested		
			Actual	Actual			**Approved**	**Approved**	**Filed**	2020	2021		
			Members	Members			**2019**	**2020**	**05/01/20**	Illustrative**	Illustrative**		
			On & Off	On & Off	vs.	04/30/20	Average	Average	Average	Individual	Individual	$	%
	Legal	Coverage	Exchange	Exchange	04/30/19	Market	Rate	Rate	Rate	Monthly	Monthly	Δ/	Δ/
	Entity	Type	04/30/19	04/30/20	Δ	Share	Increase*	Increase*	Increase	Premium	Premium	Change	Change
1	CareFirst BlueChoice, Inc.	HMO	110,928	130,642	17.8%	63.1%	-17.0%	-14.7%	-1.1%	$341	$351	$10	2.9%
2	CF GHMSI	PPO	4,316	4,336	0.5%	2.1%	-11.1%	-1.4%	-12.0%	$627	$543	($84)	-13.4%
3	CF CFMI	PPO	7,398	7,329	-0.9%	3.5%	-11.1%	-1.4%	-12.0%	$627	$543	($84)	-13.4%
4	Optimum Choice	HMO				0.0%				$0	$380	($380)	
5	Kaiser	HMO	72,733	64,792	-10.9%	31.3%	-7.4%	-5.0%	-11.0%	$335	$294	($41)	-12.2%
	TOTAL		**195,375**	**207,099**	**6.0%**	**100.0%**	**-13.2%**	**-10.3%**	**-4.8%**	**$355**	**$344**	**($11)**	**-3.2%**
	SUBTOTAL (By Insurer)												
1	CareFirst		122,642	142,307	16.0%	69%	-16.4%	-13.4%	-2.0%	$364	$367	$2	0.6%
2	Optimum Choice		0	0	#DIV/0!	0%			0.0%	$0	$380	$380	#DIV/0!
3	Kaiser		72,733	64,792	-10.9%	31%	-7.4%	-5.0%	-11.0%	$335	$294	($41)	-12.2%
	TOTAL		**195,375**	**207,099**	**6.0%**	**100%**	**-13.2%**	**-10.3%**	**-4.8%**	**$355**	**$344**	**($11)**	**-3.2%**
	SUBTOTAL (By Coverage Type)												
1	HMO		183,661	195,434	6.4%	94%	-13.3%	-10.9%	-4.4%	$339	$332	($7)	-2.0%
2	PPO		11,714	11,665	-0.4%	6%	-11.1%	-1.4%	-12.0%	$627	$543	($84)	-13.4%
	TOTAL		**195,375**	**207,099**	**6.0%**	**100%**	**-13.2%**	**-10.3%**	**-4.8%**	**$355**	**$344**	**($11)**	**-3.2%**

* Weighted averages for prior years may not match due to changes in enrollment.

** Before any "Advance Premium Tax Credit" (APTC) subsidy, lowest-cost Silver plan, Metro Baltimore region, Off-Exchange, 40-year-old. Will not match overall increase since increases vary by metal.

2021 ACA "Small Group" Filed Rates

	1	2	8	9	10	11	16	17	43	46	47
										Approved	**Filed**
			Actual	Actual			**Approved**	**Approved**	**Filed**	1Q20	1Q21
			Members	Members			2019	2020	2021	Illustrative**	Illustrative**
			On & Off	On & Off	vs.	02/29/20	Average	Average	Average	Individual	Individual
	Legal	Coverage	Exchange	Exchange	02/28/19	Market	Rate	Rate	Rate	Monthly	Monthly
	Entity	Type	02/28/19	02/29/20	Δ	Share	Increase*	Increase*	Increase	Premium	Premium
1	CareFirst BlueChoice, Inc.	HMO	161,353	169,770	5.2%	64%	5.0%	0.5%	6.0%	$329	$358
2	CF GHMSI	PPO	14,931	14,376	-3.7%	5%	-0.7%	7.4%	1.8%	$435	$452
3	CF CFMI	PPO	7,400	7,190	-2.8%	3%	-0.7%	7.4%	1.9%	$435	$452
4	Kaiser	HMO	10,297	10,989	6.7%	4%	3.2%	10.2%	-5.0%	$281	$281
5	Aetna Health, Inc.	HMO	212	113	-46.7%	0%	3.4%	1.0%	-7.7%	$447	$415
6	Aetna Life Insurance Co.	PPO	675	558	-17.3%	0%	3.0%	1.2%	-9.0%	$476	$436
7	United Healthcare of the Mid-Atlantic	HMO	5,367	4,802	-10.5%	2%	6.3%	0.0%	8.4%	$265	$287
8	United Healthcare (Optimum Choice)	HMO	17,218	15,274	-11.3%	6%	6.4%	9.4%	3.1%	$291	$308
9	United Healthcare (MAMSI)	EPO	21,226	20,673	-2.6%	8%	5.6%	8.3%	4.8%	$325	$344
10	United Healthcare Insurance Co.	PPO	23,733	22,357	-5.8%	8%	10.6%	5.4%	9.9%	$328	$372
	TOTAL		**262,412**	**266,102**	**1.4%**	**100%**	**5.0%**	**3.0%**	**5.3%**	**$332**	**$359**
	SUBTOTAL (By Insurer)										
1	CareFirst		183,684	191,336	4.2%	72%	4.3%	1.3%	5.5%	$341	$369
2	Aetna		887	671	-24.4%	0%	3.2%	1.2%	-8.8%	$471	$433
3	Kaiser		10,297	10,989	6.7%	4%	3.2%	10.2%	-5.0%	$281	$281
4	UnitedHealthcare (UHC)		67,544	63,106	-6.6%	24%	7.5%	6.9%	6.5%	$313	$341
	TOTAL		**262,412**	**266,102**	**1.4%**	**100%**	**5.0%**	**3.0%**	**5.3%**	**$332**	**$359**
	SUBTOTAL (By Coverage Type)										
1	HMO		194,447	200,948	3.3%	76%	5.0%	1.7%	5.2%	$322	$348
2	EPO		21,226	20,673	-2.6%	8%	5.6%	8.3%	4.8%	$325	$344
3	PPO		46,739	44,481	-4.8%	17%	4.8%	6.3%	5.8%	$382	$411
	TOTAL		**262,412**	**266,102**	**1.4%**	**100%**	**5.0%**	**3.0%**	**5.3%**	**$332**	**$359**

* Weighted averages for prior years may not match due to changes in enrollment.

** Before any employer contributions, lowest-cost Silver plan, Metro Baltimore region, Off Exchange, 40-year-old, male. Will not match overall increase since increases vary by metal and benefit plan.

COVID-19 - Appendix

1. A COVID-19 vaccine is estimated to cost $50 to $100 per patient commercially versus $16 per pill for the flu treatment Tamiflu[1].

2. The average medical charge amount for CPT code 99201, “Office Visit, Evaluation & Management, 10 minutes,” is $88 versus $55 (-37.5%) for the same code as a telehealth call. The parallel allowed amounts are more similar but there is still a difference[2].

3. Some of the sources being tracked for the best COVID-19 data include studies by 1) Milliman, Wakely, Oliver Wyman, and Lewis & Ellis actuarial consulting firms, 2) Covered California, 3) FAIR Health, 4) AHIP, 5) Congressional Budget Office (CBO), 6) Society of Actuaries (SOA), 7) American Academy of Actuaries (AAA), 8) United Nations Statistics Division, 9) Conning, 10) Institute for Health Metrics and Evaluation (IHME), 11) American Medical Association (AMA), 12) National Institutes of Health (NIH), 13) Centers for Disease Control (CDC), 14) National Association of Insurance Commissioners (NAIC).

[1] “Milliman, “COVID-19: Considerations for Commercial Health Insurance Rates in 2021 and Beyond,” May 2020, page 2, and Yahoo! Finance, 03/04/20, https://finance.yahoo.com/news/coronavirus-vaccine-could-add-billions-in-value-to-gilead-161233464.html

[2] FAIR Health, “COVID-19: The Projected Economic Impact of the COVID-19 Pandemic on the US Healthcare System,” March 25, 2020, pages 13, 24, 25, 27.

What's Been Filed – 2021 ACA, Individual - Appendix

1. The average cost of an inpatient, "intensive care unit" (ICU) episode for COVID-19 for commercial coverage, with and without a ventilator, is currently $38,450[3]. ICU stays constitute nearly 80% of total COVID-19 costs. Therefore, the 1332 reinsurance program should provide a significant backstop to costs in 2020 and 2021.

2. The original Wakely 1332 reinsurance modeling estimated a 2019 reinsurance cost of $462M. As of 05/29/20, the actual cost is $353M (favorable variance of $109). Further, Wakely had estimated federal pass-through dollars for 2020 of $319M versus a JAN20 estimated for 2020 from CMS of $447M (favorable variance of $128M).

3. Through 05/28/20, the COVID-19 Special Open Enrollment (SEP) has increased members in the "Individual Non-Medigap" market by 12,480 members (average age 39.9). The "Maryland Easy Enrollment Health Insurance Program" (MEEHP) SEP has increased ACA enrollment by 881 members[4] (average age 38.6). In total the average age of these combined new 13,361 members is 39.8 versus a 2018 "single risk pool" average age of 40.6, so 0.8 years younger. (Incidentally, the combined average ages for both SEPs for "w/ APTC" versus "w/o APTC" are 41.9 and 34.7, respectively, for a difference of 7.2 years.) Lastly, ~18% of new entrants are under age 26 where the uninsured rate in U.S. is highest at 14.3%[5].

[3] "COVID-19 Cost Scenario Modeling," Wakely Consulting Group, March 30, 2020, page 5.

[4] Maryland Health Benefit Exchange (MHBE), 05/29/20.

[5] Statista, Katharina Buchholz, 09/27/19.